

# Employer Turnover

November 2006



**Employment Security Department**  
WASHINGTON STATE

**Contact:** Office of Communication & Legislation, 360-902-9308

**Online:** [www.studies.go2ui.com](http://www.studies.go2ui.com)

## Why we did this study

Over the course of the last two legislative sessions, the state Legislature directed the department to conduct a series of six studies to learn more about the unemployment insurance system and to determine the effects of recent law changes.

This study was specifically mandated by Engrossed Substitute Senate Bill 6885.

The goal of this study is to review the rate of employer turnover in Washington State and the associated costs.

The complete report is available online at [www.studies.go2ui.com](http://www.studies.go2ui.com).

For more information, contact the Office of Communication & Legislation at 360-902-9308.

## What we found

**Background:** Employer turnover includes business births (emerging new businesses) and business deaths (businesses that cease operation).

Various studies have reported that Washington State has a high rate of turnover. This study identifies the extent of and reasons for employer turnover, the characteristics of employers that go out of business, and the effect that turnover has on Washington's unemployment-insurance system.

**Scope:** The study team focused on business births and deaths from January 2003 through December 2005. The study group includes only businesses that have employees and are required to register with and report to the department. The study group does not include private-household employers, because those accounts are inherently temporary and artificially inflate the rate of turnover.

**Findings:** From 2003 through 2005, there are about 170,000 businesses, not counting private-household employers, in Washington each year. The number of business deaths remained virtually flat at approximately 20,000 per year – roughly 11 percent of employers went out of business each year. The birth rate, on the other hand, increased from 6.6 percent in 2003 to 8.3 percent in 2004 and to 10.7 percent in 2005.

In national comparisons, which include private-household employers and expanded definitions for births and deaths, Washington was one of twenty states that experienced overall net growth from 2001 through 2003. At the same time, Washington ranked in the middle of all states in the rate of business deaths (lower than Oregon, California and the national average). While this time frame does not match the study period, it is based on the most recent national data and provides context for the discussion of whether Washington's turnover rate is high or low.

Of the businesses that cancelled their accounts with Employment Security from 2003 to 2005, 31.2 percent said that they had no successor, 26.7 percent reported that they no longer had employees, 20.3 percent transferred their business to another employer and one-third of one percent cited bankruptcy.

Approximately 44 percent of all business deaths were corporations, 38 percent were sole proprietors with employees, 10 percent were limited liability companies, and 4 percent were partnerships.

Newly-established businesses tended to show a higher death rate than well-established businesses. Half had been in business four years or less.

When employers do not pay for the cost of unemployment benefits paid to their employees, those costs are socialized and other employers must make up the difference. In Washington, there is a substantial amount of benefits that cannot be charged back to a specific employer because the account is inactive. Inactive charges decreased from about \$155 million in 2003 to roughly \$85 million in 2005. Even at the lowest rate, inactive charges accounted for nearly half of all socialized costs in 2005.

# Table of Contents

**Introduction .....1**

**Background .....1**

**Findings .....1**

*The size of the employer turnover issue*

*Washington's employer turnover rate compared regionally and nationally*

*Trends of employers that stop and then restart their business*

*Characteristics of inactive businesses*

*Inactive employers add to socialized costs*

*Private-household-caregiver employers*

*SUTA dumping and employer turnover*

**Scope .....7**

**Conclusions .....7**

**Appendices .....9**

*Appendix A - State by State Comparison of Business Births/Expansions & Deaths/Contractions*

*Appendix B - New Accounts (Births) by Industry*

*Appendix C - Inactive Accounts (Deaths) by Industry*

*Appendix D - New Accounts (Births) Urban/Rural and Industry*

*Appendix E - Inactive Accounts (Deaths) Urban/Rural and Industry*

*Appendix F - New Accounts (Births) Eastern/Western Washington and Industry*

*Appendix G - Inactive Accounts (Deaths) Eastern/Western and Industry*

## Introduction

---

Employer turnover includes business births (emerging new businesses) and business deaths (businesses that cease operation)<sup>1</sup>.

Various studies have reported that Washington State has a high rate of employer turnover<sup>2</sup>. The goal of this study is to review the rate of employer turnover in Washington State and the associated costs. This report will identify the extent of and reasons for employer turnover, the characteristics of employers that go out of business, and the effect of employer turnover on the Washington State unemployment-insurance system.

For the purpose of this study, the terms *business* and *employer* are interchangeable. Both refer to businesses that have employees and that are required to register with and report to the Employment Security Department.

## Background

---

Employment Security submitted a report on employer turnover to the state Legislature in December 2003. There has been additional interest in the topic, including determining if SUTA dumping<sup>3</sup> plays a significant role in business births and deaths and the resulting socialized costs.

In 2006, the state Legislature passed Engrossed Substitute Senate Bill 6885, which directed Employment Security to conduct four studies and report its findings by December 1, 2006. This study on employer turnover is one of those four studies. It answers the questions:

- What is the size of the employer turnover issue?
- What are the trends for employers that stop and then restart their businesses?
- What are the characteristics of employers that go out of business?  
(e.g., type of business structure, length of time in business, etc.)
- What are the socialized costs for employers that go out of business?
- To what extent is employer turnover related to private-household-caregiver employers?
- To what extent is employer turnover related to SUTA Dumping?

## Findings

---

Employer turnover is the change in business births (establishments that initiate business activity in Washington) and business deaths (establishments that stop doing business in Washington). In a 2005 study of employer turnover<sup>4</sup>, the Bureau of Labor Statistics concluded that while the business birth and death portions of total employment are generally significant, the net contribution is relatively small and stable. This exchange between business births and deaths is viewed as part of the normal

---

<sup>1</sup> Definition from the U.S. Bureau of Labor Statistics and the U.S. Census Bureau.

<sup>2</sup> There are various data sources available regarding employer turnover. The study team elected to use data from the U.S. Census Bureau.

<sup>3</sup> State Unemployment Tax Act (SUTA) dumping: When an employer buys, merges or restructures a business to pay fewer unemployment taxes than it should.

<sup>4</sup> *Births and Deaths in Business Surveys* May 2005

business cycle. Due to normal business cycles, there is a continuous flow of new businesses that are liable for unemployment taxes and businesses that go inactive in Washington State.

Several factors influence births and deaths figures.

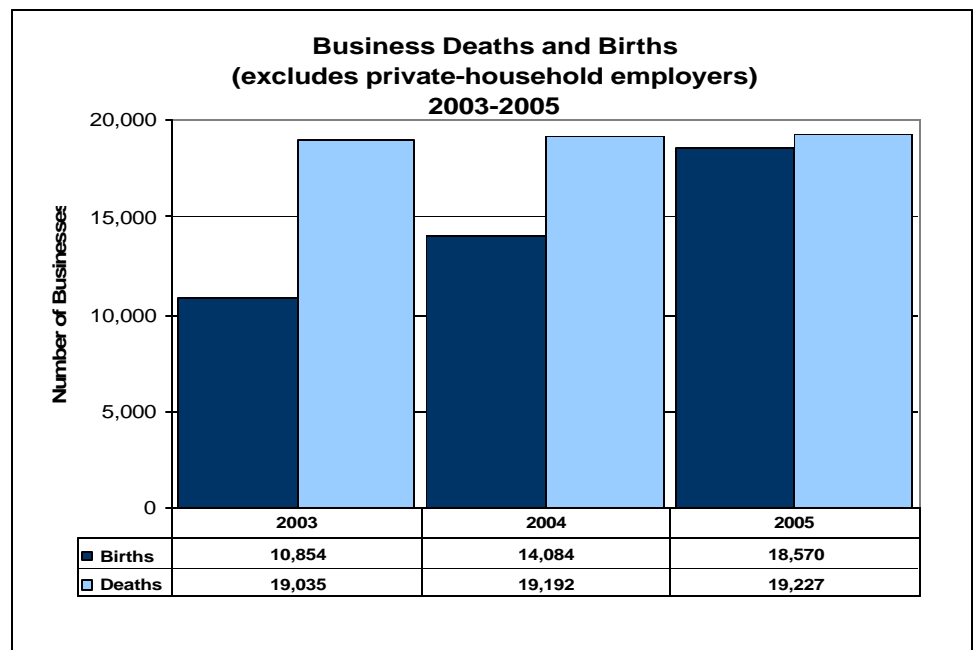
- Some employer accounts are not just one individual account, but a set of accounts, such as grocery store chains. These employers may change filing practices and report under a single account for all stores rather than as a separate account for each store.
- Mergers and acquisitions may appear as firm deaths, when in fact these firms continue under different umbrella accounts.
- Businesses may report an account inactive solely due to reporting changes or administrative reorganization.
- Private-household-caregiver accounts, including COPES accounts<sup>5</sup>, are not considered a business birth or death.

Measurements of employer turnover must account for these business events that do not constitute a business death; these events do not normally contribute to unemployment nor do they substantiate business growth.

### ***The size of the employer turnover issue***

Business births and deaths from January 2003 through December 2005 were the focus of this study<sup>6</sup>. The economic cycle in Washington during this time saw the unemployment rate drop from 6.9 percent at the start of 2003 to 5.6 percent in December 2005.

At the end of 2003, there were about 165,000 active businesses, not including private-household accounts, in Washington. During 2003, there were 10,854 business births and 19,035 business deaths. Expressed as percents, there was a business birth rate of 6.6 percent and a business death rate of 11.5 percent. Figure 1 shows the business birth and death count for 2003–2005. Improvement in 2004 saw an 8.3 percent business birth



**Figure 1**

<sup>5</sup> Community Options Program Entry System: A program intended to provide caregiver assistance to people who might otherwise be at risk of nursing home placement, which is funded through the Washington State Department of Social and Health Services (DSHS). The individuals receiving care are considered the “employer” of the caregiver.

<sup>6</sup> All household employers were excluded in this analysis. COPES accounts, as well as other household employers (such as employers of gardeners, nannies, and maids), are not included in either business births or deaths.

rate and an 11.4 percent business death rate. Further recovery was indicated in 2005 with a 10.7 percent business birth rate and an 11.1 percent businesses death rate. While the birth rate did not rise to the level of business death, the recovery of the business community was apparent.

The number of business deaths remained virtually flat at approximately 20,000 per year from 2003 and 2005. At the same time, births increased by 71.5 percent, indicating a strong recovery.

Figure 2 shows the net result of the business births and deaths, including the count of all employers as well as the count of private-household-caregiver accounts from 2003 through 2005.

Net result of business births and deaths 2003-2005			
Year	All employers	Private-household-caregiver accounts	Net employers
2003	222,709	50,468	172,241
2004	211,731	44,941	166,790
2005	209,213	39,254	169,959

Figure 2

While the decrease in private-household-caregiver accounts is strongly reflected in the count of all employers, the net difference between business births and deaths also can be seen.

### ***Washington's employer turnover rate compared regionally and nationally<sup>7</sup>***

To provide a more complete picture of employer turnover in Washington, the study team also examined national data from the U.S. Census Bureau. The most recent data available were for the years of 2001 through 2003. While this does not match the timeframe of the study, it does provide a broader perspective of the issue.

It is important to note that the national data and methodology, while useful for state comparisons is quite different from the data used in the rest of this study. The national data counts births as new businesses and business expansions. It combines business closures and business contraction in the count of deaths. The national data also includes private-household employers, which have a high rate of births and deaths.

According to these national data, Washington's business birth/expansion rate was equal to or greater than the national rate in 2001, 2002 and 2003.

In 2001, when the economy was still in the early stages of recession, Washington saw a similar level of business growth as other Western states and the nation. In 2002, while the nation was still in recession, Washington and most states in the Northwest showed strong employment

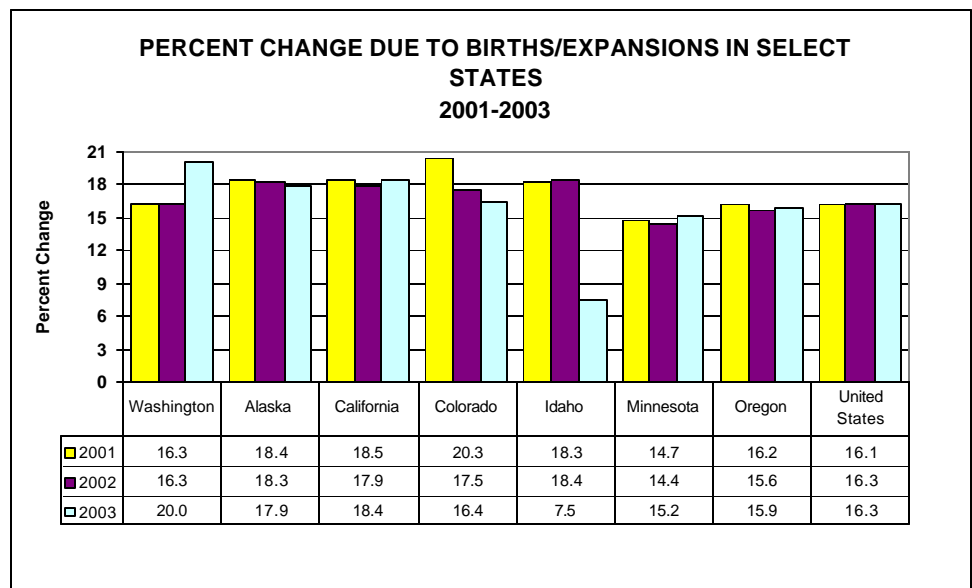


Figure 3

<sup>7</sup> See Appendix A for state-by-state comparisons and definition of terms.

growth. By 2003, Washington business births/expansions exceeded the rate in other Western states and in comparable peer states such as Colorado and Minnesota. In fact, Washington tied Arizona as second in the nation at 20 percent growth. Only Florida, with a rate of 21.4 percent was higher.

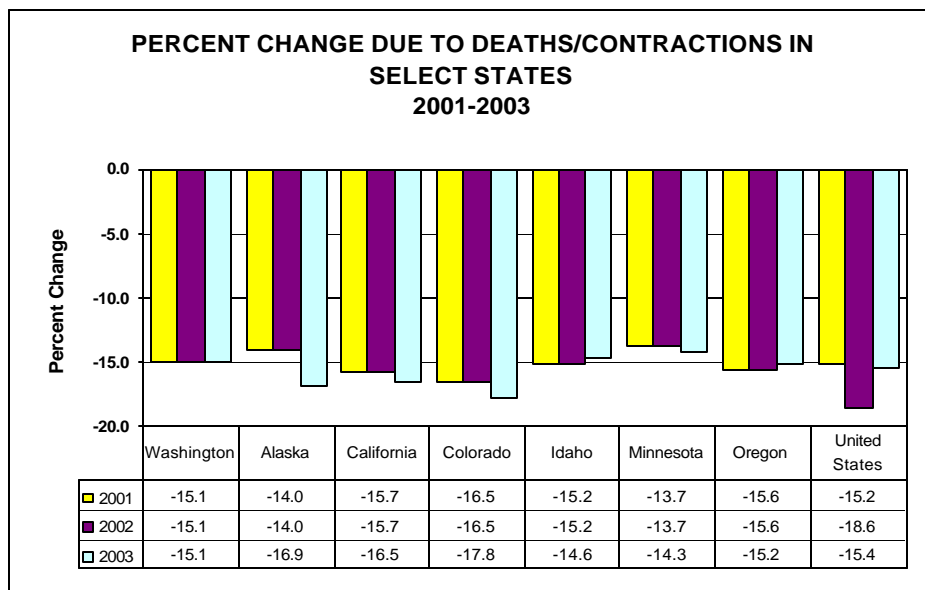
From 2001 through 2003, Washington consistently ranked slightly below the national average in the rate of business deaths/contractions.

When the recent national recession was at its depth, Washington had a more significant loss of businesses than some neighboring states. The percentage change in employment due to business deaths/contractions in Washington in 2002 was higher than Idaho, but equal to California and Oregon. However, it was 4 percent lower than the overall national level.

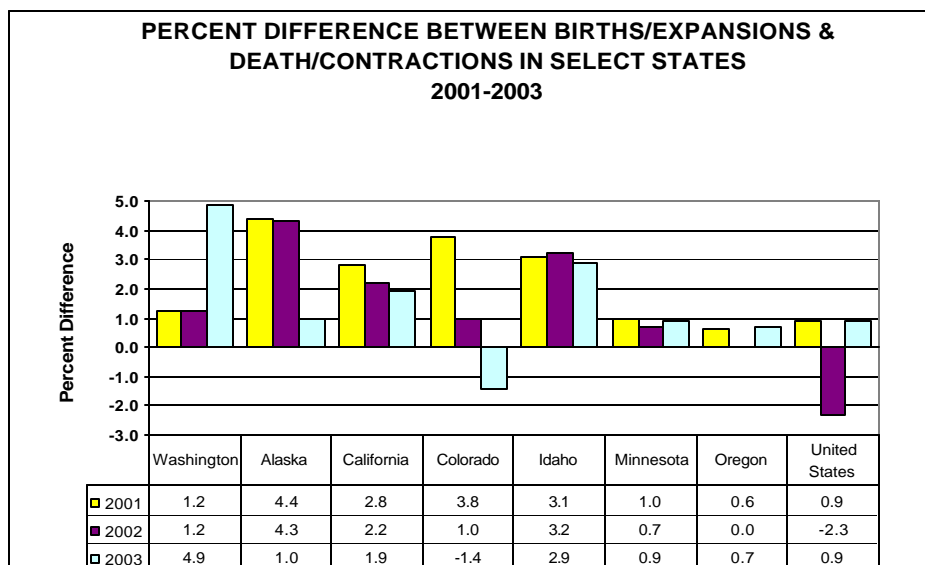
When looking at the difference between the birth/expansion rate and death/contraction rate, Washington is one of twenty states that experienced overall net growth in all three years.

In 2002, while the country was still in the grip of recession, the increase in business births/expansions in Washington lagged slightly behind regional neighbors Alaska and Idaho, but exceeded the net growth rate in peer states Colorado and Minnesota. Employment in Washington continued to be much stronger than the national average. That implies that, when the economy started its recovery, Washington's economy was at the same level as other states and the nation.

With the economy in recovery from the recent recession, the percent of business deaths/ contractions decreased in Washington in 2003. During the year, the state of Washington achieved 4.9 percent



**Figure 4**



**Figure 5**

more business births/expansions than deaths/contractions. The increase was significantly higher than at the national level. This shows that the strength of economic growth in Washington was stronger than that of neighboring states during the recovery phase of the business cycle.

### ***Trends of employers that stop and then restart their businesses***

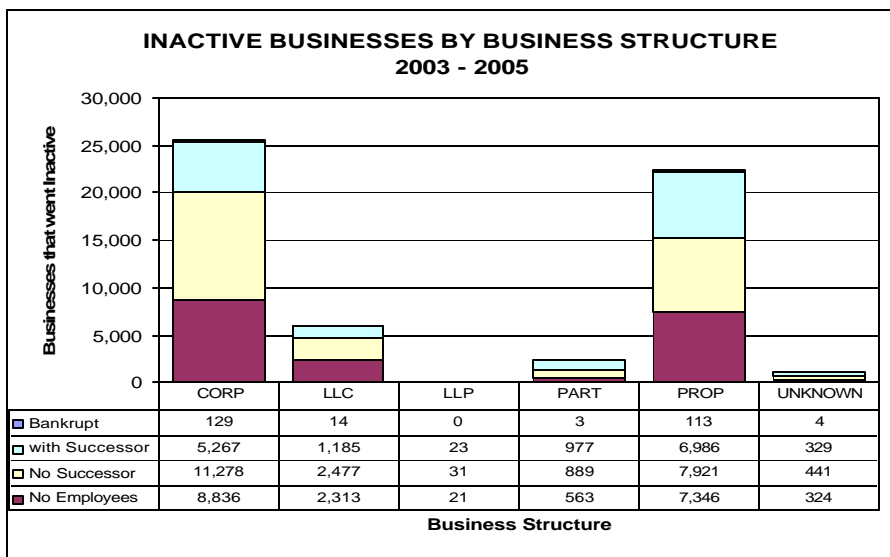
Each year, about 20 percent of the employers that cancel their accounts with Employment Security transfer their employees to another employer, or a successor account. Normally, when this happens, there is little or no unemployment of the employer's employees. The department monitors predecessor and successor accounts to detect activity that would indicate the transfer was done to manipulate the employers' tax rates.

### ***Characteristics of inactive businesses<sup>8</sup>***

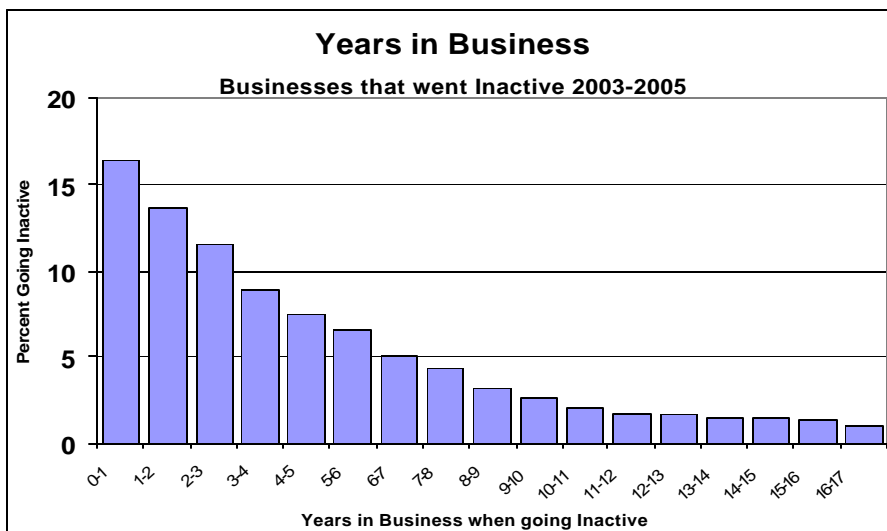
Businesses became inactive at a consistent rate between 2003 and 2005. Approximately 44 percent were corporations; 38 percent were sole proprietors; 10 percent were limited liability companies; and 4 percent were partnerships<sup>9</sup>.

Of the more than 70,000 businesses that cancelled their accounts with Employment Security during 2003, 2004 and 2005, only 263 (one-third of one percent) indicated the reason as bankruptcy. Other reasons included no employees (26.7 percent), no successor (31.2 percent) and successor account (20.3 percent).

The study team also examined business deaths to determine how long businesses had been in business<sup>10</sup>. Newly-established businesses tended to show a higher death rate than well-established businesses. Nearly a third (30.1 percent) of inactive employers had been in business for two years or less. Half had



**Figure 6**



**Figure 7**

<sup>8</sup> Does not include private-household employers.

<sup>9</sup> This is consistent with business structure of all employers in the state.

<sup>10</sup> The study team also examined deaths excluding successors, which showed marginal differences: 25.6 percent had been in business less than two years and half had been in business five years or less.



been in business four years or less. Businesses with more than 16 years of experience that went inactive amounted to no more than 1 percent of inactive businesses in each successive year.

Washington State is often divided geographically into east and west. Approximately 75 percent of business activity was consistently found in the west and about 25 percent of business activity occurred in the east.

The state also is often subdivided into urban and rural settings. Again, approximately 75 percent of businesses were located in an urban environment, while about 25 percent of activity took place in a rural setting.

### ***Inactive employers add to socialized costs***

When employers do not pay for the unemployment benefits paid to their employees, those costs are *socialized*, and taxes paid by other employers must make up the difference to keep the unemployment trust fund stable. Inactive employers contribute to socialized costs because they no longer pay taxes to cover the cost of benefits paid to their workers before or after they ceased operation.

In Washington, there is a substantial amount of benefits that cannot be charged back to a specific employer because the account is inactive. Inactive charges decreased from about \$155 million in 2003 to roughly \$85 million in 2005. Even at the

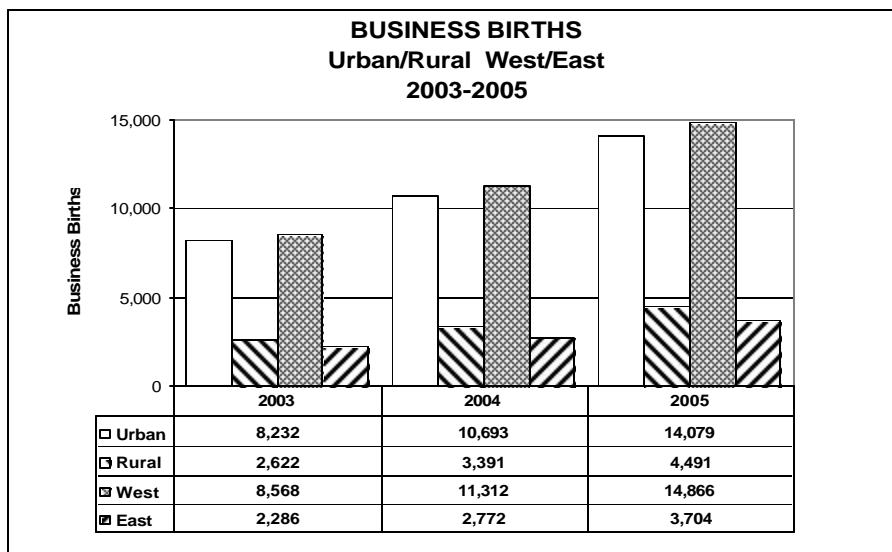


Figure 8

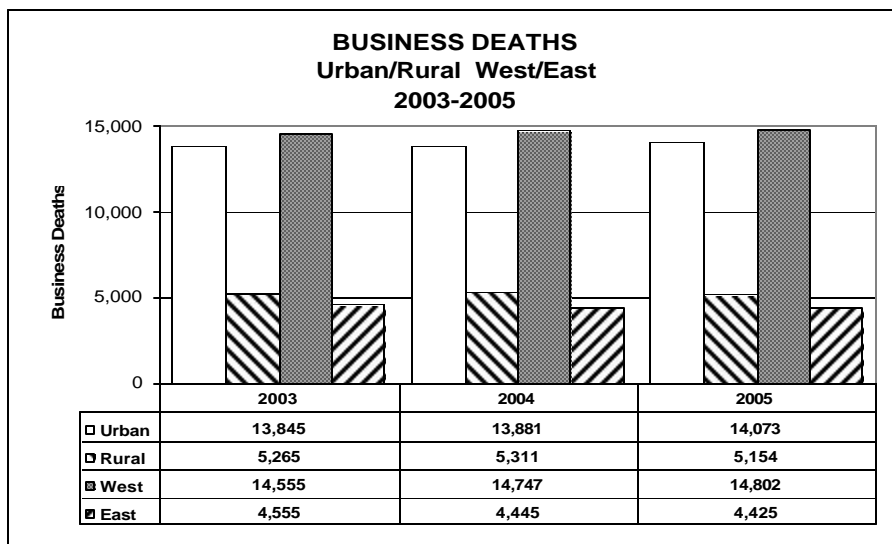


Figure 9

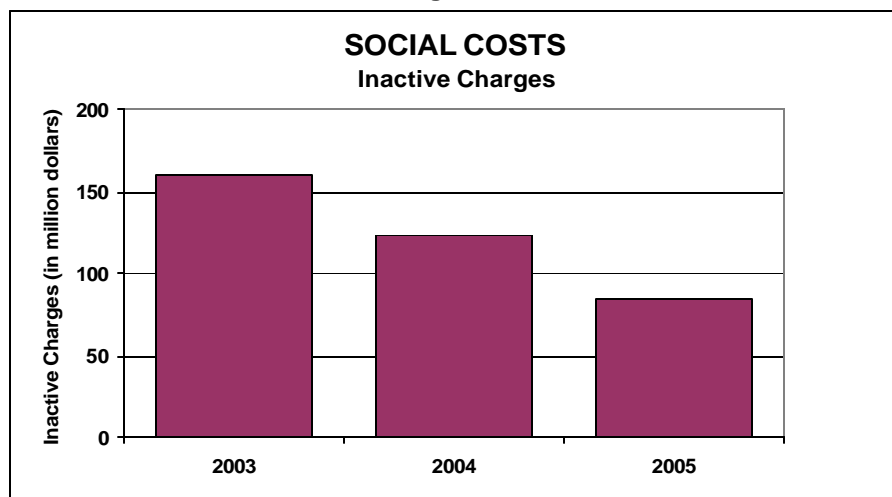


Figure 10

lowest rate, inactive charges accounted for nearly half of all socialized costs for 2005.

Some corporations that go inactive also never pay the tax they owe for the wages they paid their workers while they were still in business. Those taxes usually become uncollectible.

### ***Private-household-caregiver employers***

Private-household employers, including COPES accounts<sup>11</sup>, are not considered a business birth or death because most are temporary in nature. For example, an account is established when an individual needs in-home care and is closed when the individual no longer needs care. Private-household employers are not included in the findings of this study because they artificially inflate the rate of turnover. They are cited here simply to provide a sense of magnitude:

- In 2003, there were 50,468 private-household accounts.
- In 2004, there were 44,941 private-household accounts.
- In 2005, there were 39,254 private-household accounts.

### ***SUTA dumping and employer turnover***

*SUTA dumping*<sup>12</sup> is a tax evasion scheme that some employers use to pay lower unemployment tax than they should<sup>13</sup>. It commonly involves a business closing its account with Employment Security, then reopening under a new account in an attempt to receive a lower tax rate.

The department implemented detection software in 2005 to identify and prevent SUTA dumping. Using this software, the department has identified about 75 businesses that have exhibited suspicious activity. Each of these employers has between 50 and 75 workers.

## **Scope**

---

Section 24 of ESSB 6885 directed Employment Security to conduct four studies and report on its findings. This study covers the topic of employer turnover. The other three study reports (repeat episodes of unemployment, employers in rate class 40 and corporate officers) are available online at [www.studies.go2ui.com](http://www.studies.go2ui.com).

The study team investigated business births and deaths from January 2003 through December 2005 using data from the Employment Security Department's data warehouse, supplemented with information from the department's automated tax system, the Labor Market and Economic Analysis branch, the Washington State Department of Labor & Industries and the U.S. Department of Labor.

## **Conclusions**

---

In national comparisons, which include private-household employers and use a different definition for births and deaths, Washington was one of twenty states that experienced overall net growth from

---

<sup>11</sup> Community Options Program Entry System: A program intended to provide caregiver assistance to people who might otherwise be at risk of nursing home placement, which is funded through the Washington State Department of Social and Health Services (DSHS). The individuals receiving care are considered the "employer" of the caregiver.

<sup>12</sup> State Unemployment Tax Act (SUTA) dumping: When an employer buys, merges or restructures a business to pay fewer unemployment taxes than it should.

<sup>13</sup> State and federal legislation was passed in recent years to close loopholes that allowed companies to SUTA dump.

2001 through 2003. At the same time, Washington ranked in the middle of all states in the rate of business deaths/contractions. While this time frame does not match the study period, it is based on the most recent national data and provides context for the discussion of whether Washington's turnover rate is high or low.

Aside from national comparisons, the findings in this study are based on state data, which did not include private-household employers. From 2003 through 2005, the birth rate for businesses in Washington increased from 6.6 percent to 10.7 percent. At the same time, the death rate remained consistent at about 11 percent per year.

Corporations and sole-proprietorships account for most business deaths in Washington. Of the business deaths in 2003 through 2005, the primary reason the businesses gave for closing their account was that they did not have a successor. That means the business did not merge with another employer or sell the business to another employer. The other two reasons that businesses cited most often were that they no longer had employees and that they transferred their account to another employer (a successor). Only one-third of one percent cited bankruptcy as the cause of death.

Newly-established businesses were more likely to go out of business than well-established businesses. Employers that had been in business four years or less accounted for about half of all deaths.

When compared across the state, about three-fourths of all business turnover is in Western Washington and three-fourths is in urban locales. This is consistent with the distribution of all employers statewide.

Businesses that become inactive pass on costs to other Washington employers because they do not pay for the benefits their workers receive after they go out of businesses. Inactive charges decreased from about \$155 million in 2003 to roughly \$85 million in 2005. Even at the lowest rate, inactive charges accounted for nearly half of all socialized costs for 2005.

## Appendices

---

### **Mandate for this study**

2006 Legislative Session; ESSB 6885, Section 24:

The employment security department shall study the following and report its findings and recommendations, if any, to the unemployment insurance advisory committee and to the house of representatives commerce and labor committee and the senate labor, commerce, research, and development committee, or their successor committees, by December 1, 2006:

(3) Reasons for the unusually high rate of employer turnover among Washington employers, which leads to a high volume of charges against inactive accounts and increases socialized costs;

### **Internet resources**

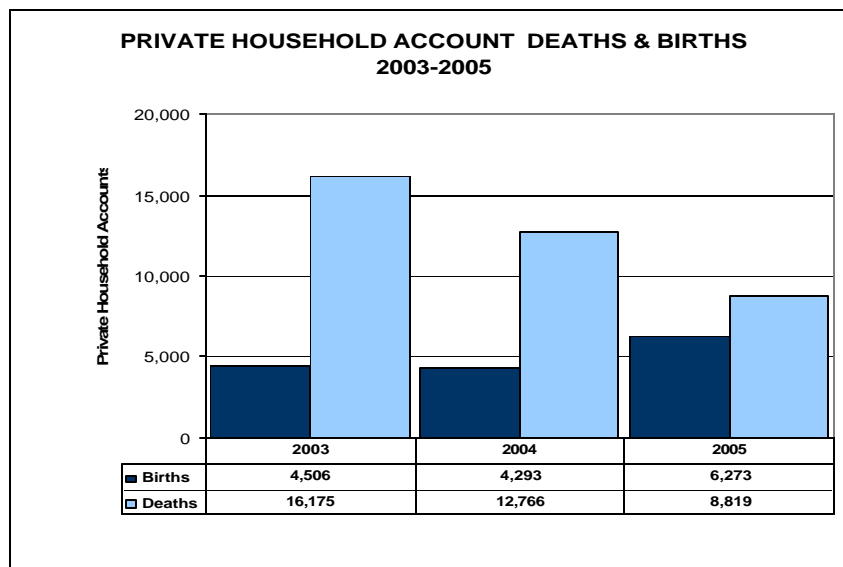
Engrossed Substitute Senate Bill 6885 (ESSB 6885):

<http://www.leg.wa.gov/pub/billinfo/2005-06/Pdf/Bills/Senate%20Passed%20Legislature/6885-S.PL.pdf>

### **Study team**

- Jian Xu, ESD – Labor Market and Economic Analysis
- Kevin Hill, ESD – UI Research and Analysis
- Darrell Wallace, ESD – UI Research and Analysis
- Ina Schmidt, ESD – Information Technology Services
- Jeff Robinson, ESD – Labor Market and Economic Analysis
- Gary Bodeutsch, ESD – Labor Market and Economic Analysis
- Judy Johnson, ESD – UI Legislative Services
- Kim Sewell, ESD – UI Tax Administration

## Additional figure



**Figure 11**

### U.S. Census Bureau - State by State Comparison of Business Births/Expansions & Deaths/Contractions

States in 2001	Births/ Expan (%)	Deaths/ Contract (%)	differ- ence	States in 2002	Births/ Expan (%)	Deaths/ Contract (%)	differ- ence	States in 2003	Births/ Expan (%)	Deaths/ Contract (%)	differ- ence
Alaska	18.4	-14.0	4.4	Vermont	17.9	-11.2	6.7	Washington	20.0	-15.1	4.9
Colorado	20.3	-16.5	3.8	Nevada	21.2	-15.6	5.6	Hawaii	15.9	-11.8	4.1
Florida	21.5	-18.1	3.4	Delaware	18.8	-14.3	4.5	Nebraska	17.2	-13.7	3.5
Delaware	17.7	-14.3	3.4	Alaska	18.3	-14.0	4.3	Nevada	18.5	-15.1	3.4
Idaho	18.3	-15.2	3.1	Hawaii	15.5	-11.8	3.7	New Mexico	17.9	-14.8	3.1
California	18.5	-15.7	2.8	Rhode Island	16.3	-12.8	3.5	Idaho	17.5	-14.6	2.9
Vermont	14.0	-11.2	2.8	Idaho	18.4	-15.2	3.2	Florida	21.4	-18.5	2.9
Hawaii	14.2	-11.8	2.4	Wisconsin	16.0	-12.8	3.2	New York	17.0	-14.3	2.7
Wyoming	16.6	-14.4	2.2	Arizona	20.6	-17.5	3.1	Arizona	20.0	-17.7	2.3
Dist.of Columbia	15.8	-13.6	2.2	Montana	16.7	-13.7	3.0	North Dakota	13.4	-11.5	1.9
New Jersey	16.8	-14.8	2.0	North Dakota	14.2	-11.4	2.8	Alaska	18.4	-16.5	1.9
Montana	15.6	-13.7	1.9	Connecticut	16.1	-13.7	2.4	Missouri	15.2	-13.3	1.9
New Hampshire	14.6	-12.7	1.9	New York	16.4	-14.1	2.3	Wyoming	17.2	-15.4	1.8
Maryland	16.0	-14.3	1.7	California	17.9	-15.7	2.2	Arkansas	14.8	-13.4	1.4
North Carolina	16.6	-15.0	1.6	New Hampshire	14.8	-12.7	2.1	Rhode Island	14.6	-13.2	1.4
Texas	18.4	-16.8	1.6	New Jersey	16.9	-14.8	2.1	Louisiana	15.7	-14.4	1.3
Massachusetts	15.9	-14.4	1.5	Oklahoma	17.2	-15.2	2.0	Maryland	15.6	-14.4	1.2
Maine	14.2	-12.7	1.5	New Mexico	18.6	-16.7	1.9	Alabama	15.6	-14.5	1.1
Virginia	16.6	-15.2	1.4	Maryland	16.2	-14.3	1.9	Kansas	14.7	-13.6	1.1
Nevada	16.9	-15.6	1.3	Missouri	15.9	-14.1	1.8	Wisconsin	13.6	-12.5	1.1
Washington	16.3	-15.1	1.2	Dist.of Columbia	15.3	-13.6	1.7	California	17.9	-16.9	1.0
Arizona	18.7	-17.5	1.2	Louisiana	16.5	-14.8	1.7	Indiana	15.0	-14.1	0.9
North Dakota	12.5	-11.4	1.1	Kansas	15.7	-14.2	1.5	Mississippi	15.7	-14.8	0.9
New York	15.1	-14.1	1.0	South Dakota	15.3	-13.8	1.5	Minnesota	15.2	-14.3	0.9
Minnesota	14.7	-13.7	1.0	Maine	14.2	-12.7	1.5	Texas	18.2	-17.4	0.8
Oklahoma	16.1	-15.2	0.9	Texas	18.2	-16.8	1.4	Ohio	14.8	-14.0	0.8
South Dakota	14.7	-13.8	0.9	Washington	16.3	-15.1	1.2	Dist.of Columbia	13.9	-13.1	0.8
Pennsylvania	14.4	-13.6	0.8	Pennsylvania	14.8	-13.6	1.2	Oregon	15.9	-15.2	0.7
Connecticut	14.4	-13.7	0.7	Nebraska	15.1	-13.9	1.2	Montana	15.3	-14.6	0.7
New Mexico	17.4	-16.7	0.7	West Virginia	15.1	-14.0	1.1	Tennessee	15.8	-15.2	0.6
Oregon	16.2	-15.6	0.6	Colorado	17.5	-16.5	1.0	Kentucky	14.5	-13.9	0.6
Arkansas	14.8	-14.3	0.5	Florida	19.0	-18.1	0.9	South Carolina	16.0	-15.5	0.5
Louisiana	15.2	-14.8	0.4	Arkansas	15.1	-14.3	0.8	Virginia	15.1	-14.7	0.4
Georgia	17.3	-17.0	0.3	Minnesota	14.4	-13.7	0.7	North Carolina	15.5	-15.2	0.3
Missouri	14.4	-14.1	0.3	Massachusetts	15.1	-14.4	0.7	Maine	13.6	-13.3	0.3
Utah	17.9	-18.1	-0.2	Kentucky	14.7	-14.4	0.3	Iowa	13.1	-12.9	0.2
Rhode Island	12.5	-12.8	-0.3	Iowa	12.9	-12.7	0.2	Utah	17.3	-17.4	-0.1
Tennessee	15.4	-15.8	-0.4	Oregon	15.6	-15.6	0.0	Michigan	15.1	-15.2	-0.1
South Carolina	15.1	-15.6	-0.5	Georgia	16.8	-17.0	-0.2	West Virginia	13.8	-13.9	-0.1
Nebraska	13.4	-13.9	-0.5	North Carolina	14.8	-15.0	-0.2	Georgia	16.2	-16.5	-0.3
West Virginia	13.4	-14.0	-0.6	Michigan	15.7	-15.9	-0.2	Illinois	14.6	-14.9	-0.3
Wisconsin	12.2	-12.8	-0.6	Virginia	14.8	-15.2	-0.4	Pennsylvania	14.3	-14.7	-0.4
Kansas	13.5	-14.2	-0.7	Illinois	14.6	-15.0	-0.4	Connecticut	14.1	-14.5	-0.4
Iowa	11.8	-12.7	-0.9	Ohio	14.2	-14.6	-0.4	New Jersey	15.9	-16.4	-0.5
Illinois	14.1	-15.0	-0.9	Indiana	14.2	-14.7	-0.5	Vermont	13.5	-14.3	-0.8
Kentucky	13.4	-14.4	-1.0	Alabama	15.7	-16.3	-0.6	Delaware	13.3	-14.3	-1.0
Ohio	13.2	-14.6	-1.4	Tennessee	15.1	-15.8	-0.7	Massachusetts	13.9	-15.0	-1.1
Michigan	14.3	-15.9	-1.6	Wyoming	13.7	-14.4	-0.7	South Dakota	13.3	-14.4	-1.1
Indiana	12.9	-14.7	-1.8	Mississippi	15.4	-16.3	-0.9	Oklahoma	15.0	-16.4	-1.4
Alabama	14.3	-16.3	-2.0	South Carolina	14.7	-15.6	-0.9	Colorado	16.4	-17.8	-1.4
Mississippi	13.2	-16.3	-3.1	Utah	16.3	-18.1	-1.8	New Hampshire	13.3	-15.3	-2.0
United States	16.1	-15.2	0.9	United States	16.3	-18.6	-2.3	United States	16.3	-15.4	0.9

### Definition of Terms

**Establishment Births** - Births are establishments that have zero employment in the first quarter of the initial year and positive employment in the first quarter of the subsequent year.

**Establishment Deaths** - Deaths are establishments that have positive employment in the first quarter of the initial year and zero employment in the first quarter of the subsequent year.

**Establishment Expansions** - Expansions are establishments that have positive first quarter employment in both the initial and subsequent years and increase employment during the time period between the first quarter of the initial year and the first quarter of the subsequent year.

**Establishments Contractions** - Contractions are establishments that have positive first quarter employment in both the initial and subsequent years and decrease employment during the time period between the first quarter of the initial year and the first quarter of the subsequent year.

---

### Source:

<http://www.census.gov/csd/susb/>

[http://www.census.gov/csd/susb/usst02\\_03.xls](http://www.census.gov/csd/susb/usst02_03.xls)

NEW ACCOUNTS (Births) by INDUSTRY			
INDUSTRY	2003	2004	2005
Agriculture: Fruits, Vegetables	119	134	164
Other Agriculture, Forestry, Hunting	180	278	272
Fishing	28	27	17
Mining	7	9	7
Utilities	9	11	8
Construction: Residential Building	635	828	1,229
Construction: Nonresidential Building	63	76	123
Construction: Heavy, Highway, Civil Engineering	90	62	122
Construction: Specialty Trade Contractors	1,170	1,622	2,309
Manufacturing: Food, Beverage, Clothing	93	107	120
Manufacturing: Wood, Chemical, Nonmetallic Mineral	112	122	136
Manufacturing: Metal, Machine, Transportation	100	130	155
Manufacturing: Aerospace	117	128	153
Wholesale Trade - Other than Grocery	276	312	315
Wholesale Trade - Grocery	666	882	1,019
Retail Trade: Specialty - Other than Grocery	352	509	656
Retail Trade: Grocery	409	503	704
Retail Trade: General, Miscellaneous	203	263	353
Transportation	235	349	404
Warehousing	27	43	69
Information	184	249	379
Finance, Insurance	433	513	691
Real Estate, Rental, Leasing	473	642	827
Services: Professional, Scientific, Technical	1,146	1,490	2,033
Services: Management of Companies and Enterprises	21	29	26
Services: Administrative, Support	744	909	1,234
Services: Waste Management	23	29	51
Services: Education	155	197	245
Services: Health Care, Social Assistance	939	1,074	1,253
Services: Arts, Entertainment, Recreation	159	196	284
Services: Accommodation	73	121	177
Services: Food	922	1,328	1,836
Services: Repair, Maintenance	291	390	477
Services: Personal, Laundry	270	369	540
Services: Religious, Grantmaking, Civic, Professional	118	144	172
Public Administration	12	9	10
Other	119	134	164
<b>TOTAL</b>	<b>10,854</b>	<b>14,084</b>	<b>18,570</b>
Private Households Caregiver Accounts	4,506	4,293	6,273



INACTIVE ACCOUNTS (Deaths) by INDUSTRY			
INDUSTRY	2003	2004	2005
Agriculture: Fruits, Vegetables	227	241	248
Other Agriculture, Forestry, Hunting	394	374	368
Fishing	52	39	39
Mining	12	11	9
Utilities	18	12	7
Construction: Residential Building	1,224	1,162	1,107
Construction: Nonresidential Building	140	128	128
Construction: Heavy, Highway, Civil Engineering	146	105	135
Construction: Specialty Trade Contractors	2,060	2,222	2,376
Manufacturing: Food, Beverage, Clothing	137	135	147
Manufacturing: Wood, Chemical, Nonmetallic Mineral	334	162	165
Manufacturing: Metal, Machine, Transportation	92	341	325
Manufacturing: Aerospace	1,091	17	17
Wholesale Trade - Other than Grocery	290	1,274	1,217
Wholesale Trade - Grocery	603	85	71
Retail Trade: Specialty - Other than Grocery	779	788	770
Retail Trade: Grocery	591	813	860
Retail Trade: General, Miscellaneous	525	527	466
Transportation	515	480	457
Warehousing	69	62	58
Information	403	345	331
Finance, Insurance	591	592	587
Real Estate, Rental, Leasing	668	779	762
Services: Professional, Scientific, Technical	1,801	1,727	1,675
Services: Management of Companies and Enterprises	15	22	26
Services: Administrative, Support	1,421	1,390	1,322
Services: Waste Management	43	49	40
Services: Education	205	230	255
Services: Health Care, Social Assistance	1,204	1,256	1,289
Services: Arts, Entertainment, Recreation	276	272	285
Services: Accommodation	161	169	202
Services: Food	1,906	2,038	2,113
Services: Repair, Maintenance	627	588	619
Services: Personal, Laundry	486	544	578
Services: Religious, Grantmaking, Civic, Professional	150	202	164
Public Administration	6	11	9
Other	0	241	248
<b>TOTAL</b>	<b>19,035</b>	<b>19,192</b>	<b>19,227</b>

Private Households Caregiver Accounts	16,175	12,766	8,819
---------------------------------------	--------	--------	-------

NEW ACCOUNTS (Births) by URBAN/RURAL and INDUSTRY						
INDUSTRY	2003		2004		2005	
	Urban	Rural	Urban	Rural	Urban	Rural
Agriculture: Fruits, Vegetables	45	74	44	90	59	105
Other Agriculture, Forestry, Hunting	61	119	93	185	92	180
Fishing	16	12	16	11	10	7
Mining	2	5	7	2	2	5
Utilities	1	8	4	7	5	3
Construction: Residential Building	438	197	558	270	852	377
Construction: Nonresidential Building	48	15	57	19	92	31
Construction: Heavy, Highway, Civil Engineering	71	19	46	16	88	34
Construction: Specialty Trade Contractors	874	296	1,202	420	1,668	641
Manufacturing: Food, Beverage, Clothing	54	39	63	44	69	51
Manufacturing: Wood, Chemical, Nonmetallic Mineral	79	33	82	40	88	48
Manufacturing: Metal, Machine, Transportation	76	24	98	32	109	46
Manufacturing: Aerospace	86	31	99	29	103	50
Wholesale Trade - Other than Grocery	236	40	267	45	269	46
Wholesale Trade - Grocery	562	104	775	107	912	107
Retail Trade: Specialty - Other than Grocery	241	111	383	126	467	189
Retail Trade: Grocery	302	107	363	140	489	215
Retail Trade: General, Miscellaneous	138	65	187	76	258	95
Transportation	156	79	231	118	278	126
Warehousing	18	9	26	17	50	19
Information	153	31	227	22	336	43
Finance, Insurance	359	74	448	65	595	96
Real Estate, Rental, Leasing	378	95	493	149	650	177
Services: Professional, Scientific, Technical	959	187	1,259	231	1,739	294
Services: Management of Companies and Enterprises	17	4	22	7	22	4
Services: Administrative, Support	610	134	738	171	992	242
Services: Waste Management	17	6	18	11	36	15
Services: Education	122	33	165	32	203	42
Services: Health Care, Social Assistance	721	218	827	247	958	295
Services: Arts, Entertainment, Recreation	115	44	135	61	214	70
Services: Accommodation	34	39	60	61	73	104
Services: Food	717	205	989	339	1,375	461
Services: Repair, Maintenance	209	82	283	107	341	136
Services: Personal, Laundry	222	48	313	56	446	94
Services: Religious, Grantmaking, Civic, Professional	87	31	112	32	137	35
Public Administration	8	4	3	6	2	8
Other	45	74	43	91	59	105
<b>TOTAL</b>	<b>8,232</b>	<b>2,622</b>	<b>10,693</b>	<b>3,391</b>	<b>14,079</b>	<b>4,491</b>
Private Households Caregiver Accounts	3,592	914	3,162	1,131	4,580	1,693

INACTIVE ACCOUNTS (Deaths) by URBAN/RURAL and INDUSTRY						
INDUSTRY	2003		2004		2005	
	Urban	Rural	Urban	Rural	Urban	Rural
Agriculture: Fruits, Vegetables	63	164	72	169	80	168
Other Agriculture, Forestry, Hunting	103	291	106	268	108	260
Fishing	16	36	17	22	19	20
Mining	4	8	4	7	6	3
Utilities	7	11	6	6	2	5
Construction: Residential Building	827	397	803	359	769	338
Construction: Nonresidential Building	112	28	94	34	93	35
Construction: Heavy, Highway, Civil Engineering	95	51	72	33	91	44
Construction: Specialty Trade Contractors	1,538	523	1,630	592	1,764	612
Manufacturing: Food, Beverage, Clothing	93	44	88	47	96	51
Manufacturing: Wood, Chemical, Nonmetallic Mineral	138	77	110	52	106	59
Manufacturing: Metal, Machine, Transportation	257	84	229	112	224	101
Manufacturing: Aerospace	8	2	15	2	11	6
Wholesale Trade – Other than Grocery	1,089	215	1,084	190	1,021	196
Wholesale Trade – Grocery	75	30	66	19	55	16
Retail Trade: Specialty – Other than Grocery	573	227	540	248	541	229
Retail Trade: Grocery	552	275	528	285	584	276
Retail Trade: General, Miscellaneous	316	159	366	161	312	154
Transportation	336	179	297	183	330	127
Warehousing	55	14	41	21	42	16
Information	344	59	288	57	265	66
Finance, Insurance	487	104	485	107	479	108
Real Estate, Rental, Leasing	469	199	570	209	568	194
Services: Professional, Scientific, Technical	1,459	342	1,409	318	1,391	284
Services: Management of Companies and Enterprises	9	6	17	5	23	3
Services: Administrative, Support	1,150	271	1,115	275	1,052	270
Services: Waste Management	35	8	33	16	26	14
Services: Education	168	37	183	47	210	45
Services: Health Care, Social Assistance	865	339	874	382	917	372
Services: Arts, Entertainment, Recreation	202	74	200	72	207	78
Services: Accommodation	76	85	77	92	83	119
Services: Food	1,339	567	1,446	592	1,570	543
Services: Repair, Maintenance	430	197	411	177	436	183
Services: Personal, Laundry	381	105	437	107	465	113
Services: Religious, Grantmaking, Civic, Professional	112	38	162	40	124	40
Public Administration	2	4	3	8	2	7
Other	121	106	76	166	81	167
<b>TOTAL</b>	<b>13,845</b>	<b>5,265</b>	<b>13,881</b>	<b>5,311</b>	<b>14,073</b>	<b>5,154</b>
Private Households Caregiver Accounts	12,188	3,987	9,552	3,214	6,636	2,183

NEW ACCOUNTS (Births) by EASTERN/WESTERN WA and INDUSTRY						
INDUSTRY	2003		2004		2005	
	East	West	East	West	East	West
Agriculture: Fruits, Vegetables	94	25	110	24	137	27
Other Agriculture, Forestry, Hunting	112	68	145	133	148	124
Fishing	0	28	1	26	0	17
Mining	3	4	2	7	3	4
Utilities	2	7	1	10	2	6
Construction: Residential Building	133	502	158	670	226	1,003
Construction: Nonresidential Building	16	47	19	57	31	92
Construction: Heavy, Highway, Civil Engineering	13	77	13	49	33	89
Construction: Specialty Trade Contractors	265	905	342	1,280	533	1,776
Manufacturing: Food, Beverage, Clothing	36	57	37	70	40	80
Manufacturing: Wood, Chemical, Nonmetallic Mineral	23	89	25	97	34	102
Manufacturing: Metal, Machine, Transportation	23	77	30	100	39	116
Manufacturing: Aerospace	28	89	23	105	33	120
Wholesale Trade – Other than Grocery	48	228	57	255	52	263
Wholesale Trade – Grocery	93	573	98	784	88	931
Retail Trade: Specialty – Other than Grocery	89	263	106	403	168	488
Retail Trade: Grocery	92	317	113	390	160	544
Retail Trade: General, Miscellaneous	46	157	43	220	77	276
Transportation	67	168	112	237	108	296
Warehousing	7	20	11	32	14	55
Information	26	158	20	229	36	343
Finance, Insurance	74	359	75	438	103	588
Real Estate, Rental, Leasing	90	383	116	526	145	682
Services: Professional, Scientific, Technical	160	986	212	1,278	251	1,782
Services: Management of Companies and Enterprises	2	19	1	28	5	21
Services: Administrative, Support	131	613	160	749	212	1,022
Services: Waste Management	5	18	8	21	13	38
Services: Education	25	130	28	169	38	207
Services: Health Care, Social Assistance	179	760	235	839	273	980
Services: Arts, Entertainment, Recreation	37	122	46	150	56	228
Services: Accommodation	25	48	43	78	63	114
Services: Food	175	747	235	1,093	365	1,471
Services: Repair, Maintenance	77	214	80	310	111	366
Services: Personal, Laundry	55	215	42	327	80	460
Services: Religious, Grantmaking, Civic, Professional	30	88	20	124	23	149
Public Administration	5	7	5	4	4	6
Other	94	25	110	24	137	27
<b>TOTAL</b>	<b>2,286</b>	<b>8,568</b>	<b>2,772</b>	<b>11,312</b>	<b>3,704</b>	<b>14,866</b>

Private Households Caregiver Accounts	1,015	3,491	1,122	3,171	1,628	4,645
---------------------------------------	-------	-------	-------	-------	-------	-------

INACTIVE ACCOUNTS (Deaths) by EASTERN/WESTERN WA and INDUSTRY						
INDUSTRY	2003		2004		2005	
	East	West	East	West	East	West
Agriculture: Fruits, Vegetables	209	18	216	25	224	24
Other Agriculture, Forestry, Hunting	207	187	206	168	191	177
Fishing	5	47	5	34	1	38
Mining	6	6	4	7	3	6
Utilities	3	15	4	8	1	6
Construction: Residential Building	274	950	262	900	226	881
Construction: Nonresidential Building	32	108	39	89	29	99
Construction: Heavy, Highway, Civil Engineering	40	106	22	83	39	96
Construction: Specialty Trade Contractors	474	1,587	517	1,705	511	1,865
Manufacturing: Food, Beverage, Clothing	45	92	47	88	45	102
Manufacturing: Wood, Chemical, Nonmetallic Mineral	56	159	32	130	57	108
Manufacturing: Metal, Machine, Transportation	96	245	80	261	76	249
Manufacturing: Aerospace	2	8	1	16	4	13
Wholesale Trade - Other than Grocery	194	1,110	189	1,085	199	1,018
Wholesale Trade - Grocery	31	74	23	62	12	59
Retail Trade: Specialty - Other than Grocery	206	594	198	590	202	568
Retail Trade: Grocery	224	603	221	592	230	630
Retail Trade: General, Miscellaneous	111	364	115	412	112	354
Transportation	132	383	142	338	96	361
Warehousing	7	62	11	51	15	43
Information	55	348	52	293	63	268
Finance, Insurance	110	481	123	469	112	475
Real Estate, Rental, Leasing	168	500	171	608	180	582
Services: Professional, Scientific, Technical	318	1,483	280	1,447	272	1,403
Services: Management of Companies and Enterprises	7	8	3	19	1	25
Services: Administrative, Support	262	1,159	263	1,127	233	1,089
Services: Waste Management	9	34	9	40	10	30
Services: Education	36	169	43	187	40	215
Services: Health Care, Social Assistance	324	880	317	939	369	920
Services: Arts, Entertainment, Recreation	48	228	46	226	52	233
Services: Accommodation	73	88	56	113	71	131
Services: Food	455	1,451	452	1,586	434	1,679
Services: Repair, Maintenance	187	440	170	418	169	450
Services: Personal, Laundry	101	385	89	455	110	468
Services: Religious, Grantmaking, Civic, Professional	33	117	35	167	33	131
Public Administration	2	4	3	8	4	5
Other	222	80	215	26	223	25
<b>TOTAL</b>	<b>4,555</b>	<b>14,555</b>	<b>4,445</b>	<b>14,747</b>	<b>4,425</b>	<b>14,802</b>
Private Households Caregiver Accounts	4,284	11,891	3,606	9,187	2,286	6,533